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TAGS: [AID](#) [EAGR](#) [ECON](#) [ETRD](#) [JA](#)
SUBJECT: DEMARCHE REQUEST - RELEASE OF JAPANESE RICE STOCKS

¶1. (SBU) This is an action request. Please see para 4.

¶2. (SBU) Japan currently holds stocks of approximately 2.4 million metric tons (MT) of rice, of which 1.5 million MT was imported to fulfill its Uruguay Round Minimum Market Access requirements (MMA). Under its MMA obligations, Japan is obligated to purchase 682,000 MT of imported rice annually. About half of the MMA rice purchased by Japan is of U.S. origin. This rice is stored in near-optimal conditions, but some may be damaged due to long-term storage.

¶3. (SBU) In light of the food crisis, some countries and organizations have called upon Japan to release its rice stocks onto the international market. It is unclear whether Indonesia and the Philippines have already approached Japan directly to sell or donate its stocks into the market to alleviate the current pricing problem. However, the Japanese press reported on May 11, 2008, that according to the Philippines National Food Authority, "Japan has offered to ship 60,000 MT of rice to the Philippines to help the world's biggest importer of the grain boost its stockpiles."

In the past, Japan has exported some foreign rice as food aid to North Korea and after the Tsunami, but U.S. rice producers feel strongly that this issue must be discussed in the right context with Japan so that exports are not seen by Japan as an unlimited venue to dispose of MMA rice.

¶4. (SBU) ACTION REQUESTED: In light of the global food price crisis, Embassy is requested to deliver a demarche emphasizing the following objectives to the Ministry of Agriculture, Forestry and Fisheries (MAFF) at the most senior level possible:

-- Emphasize that the current conditions in the global rice markets are very unusual. Even though aggregate supply, demand, and stocks are not significantly changed over recent years, we have seen unprecedented sudden price increases. These market conditions have created increased risk of hunger and civil unrest in certain countries, while these high prices have significantly impacted the budgets of the World Food Program and other food aid donors.

-- Communicate the importance that the USG places on efforts to address the current food crisis. President Bush recently announced approximately \$200 million in emergency food aid and has also asked Congress to provide an additional \$770 million to support food aid and development programs. Together, this amounts to nearly \$1 billion in new funds to bolster global food security.

-- Thank Japan for the significant steps it is also taking to increase its contributions to food aid programs in response to rising food prices. Japan recently announced USD 100 million in emergency aid to help poor countries cope with rising food costs. Suggest that the USG is interested in exploring ways in which our two countries can alleviate hunger and help calm global rice markets.

-- Remind your interlocutor that the USG has traditionally opposed the re-export of the rice which Japan imported under its WTO Minimum Market Access Obligations. The USG understands that Japan may have been approached about using its rice stocks for food aid as well. Japan is obligated to make this rice available to Japanese consumers.

-- Communicate that the unique conditions in the rice market this year, coupled with the growing humanitarian and political dimensions of recent food price increases in developing countries, may warrant consideration of taking additional measures with respect to the release of Japan's rice stocks on this occasion. Suggest that our experts get together soon to discuss this idea. Point out that this will also provide an opportunity to discuss our traditional concerns that might arise. Offer to facilitate such a meeting with Embassy staff.

-- Resist offering additional details regarding what additional measures the GOJ can take to address the sudden price increases in rice. Defer any request for detailed discussions to future discussions by experts.

15. (SBU) Embassy is requested to report back the results of this engagement by COB Thursday, May 15 (local Washington, DC time).

RICE